



# Modification 0473 – AUG Framework

UNCC 18 June 2015

**Fiona Cottam**

- Modification 0473 – Project Nexus – Allocation of Unidentified Gas – now approved by Ofgem
- Re-introduces concept of an Allocation of Unidentified Gas Expert in a post-Nexus world
- New AUGE will determine weighting factors for distribution of UG rather than a total UG quantity
- Implementation Date aligned to Project Nexus Implementation Date

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# Today's Objectives

- Discussion of Role of UNCC
  - Agreement to support development of Criteria for Appointment
- Overview of Indicative Timelines
- Discussion of Implementation/Effective Dates
- Consideration of format of Table of Factors
  - Agreement on required format

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- Framework document states that UNCC will produce a clear set of criteria for appointment of an AUG Expert
- Criteria required prior to contact with potential service providers – essential input to our procurement activity
- Northern Gas Networks propose to base 0473 draft criteria on 0229 requirements and table at July UNCC meeting for review/discussion
  - How many meetings to conclude those discussions – working assumption of 2

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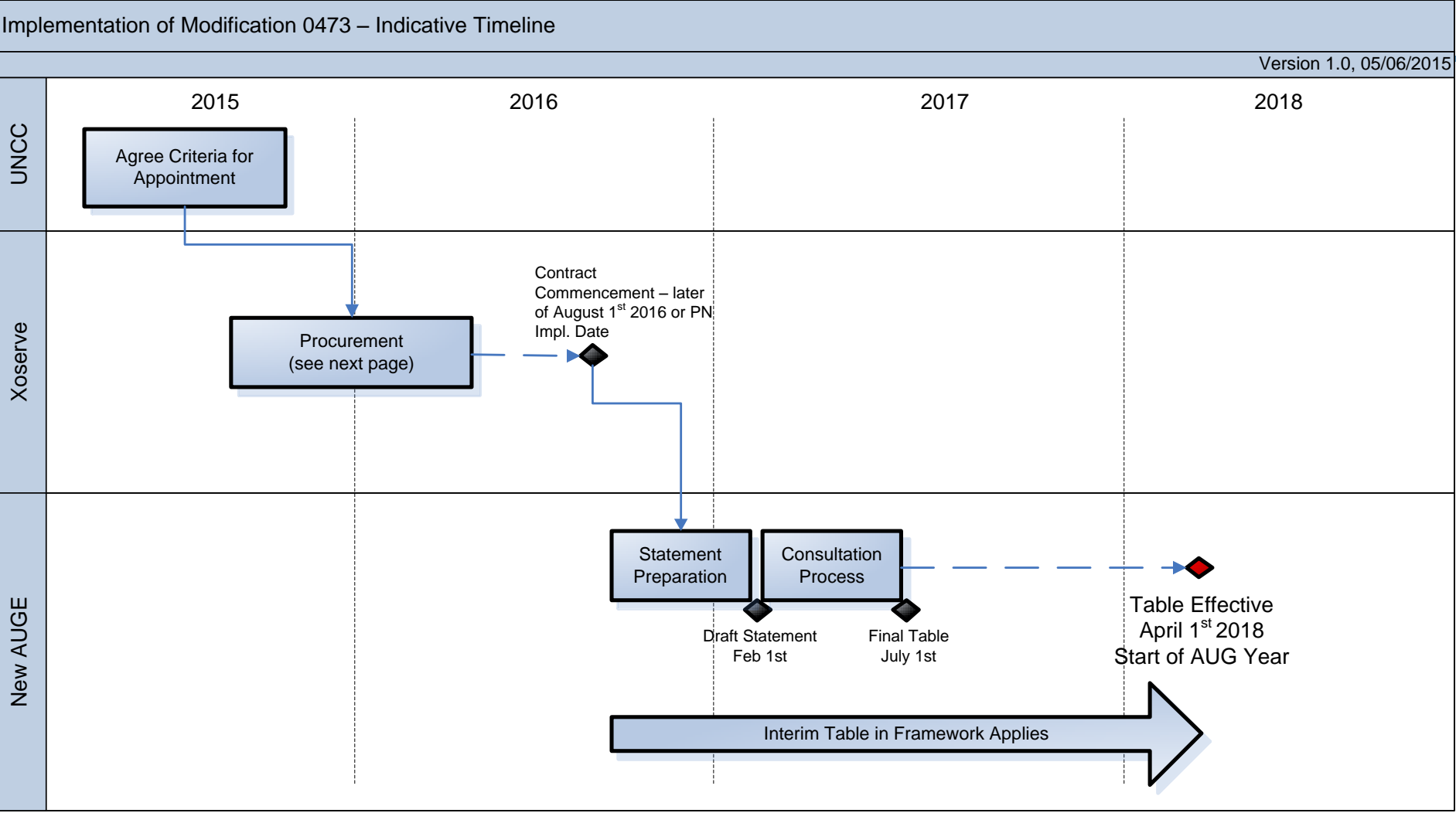
- Transporters have instructed Xoserve to undertake the procurement
- Criteria for appointment required prior to any 3<sup>rd</sup> party engagement
- Need to follow full OJEU process (European Procurement Regs)
- Xoserve will take full regard of UNCC's requirements but must have full control over procurement process as contracting party
- Indicative timeline follows ...

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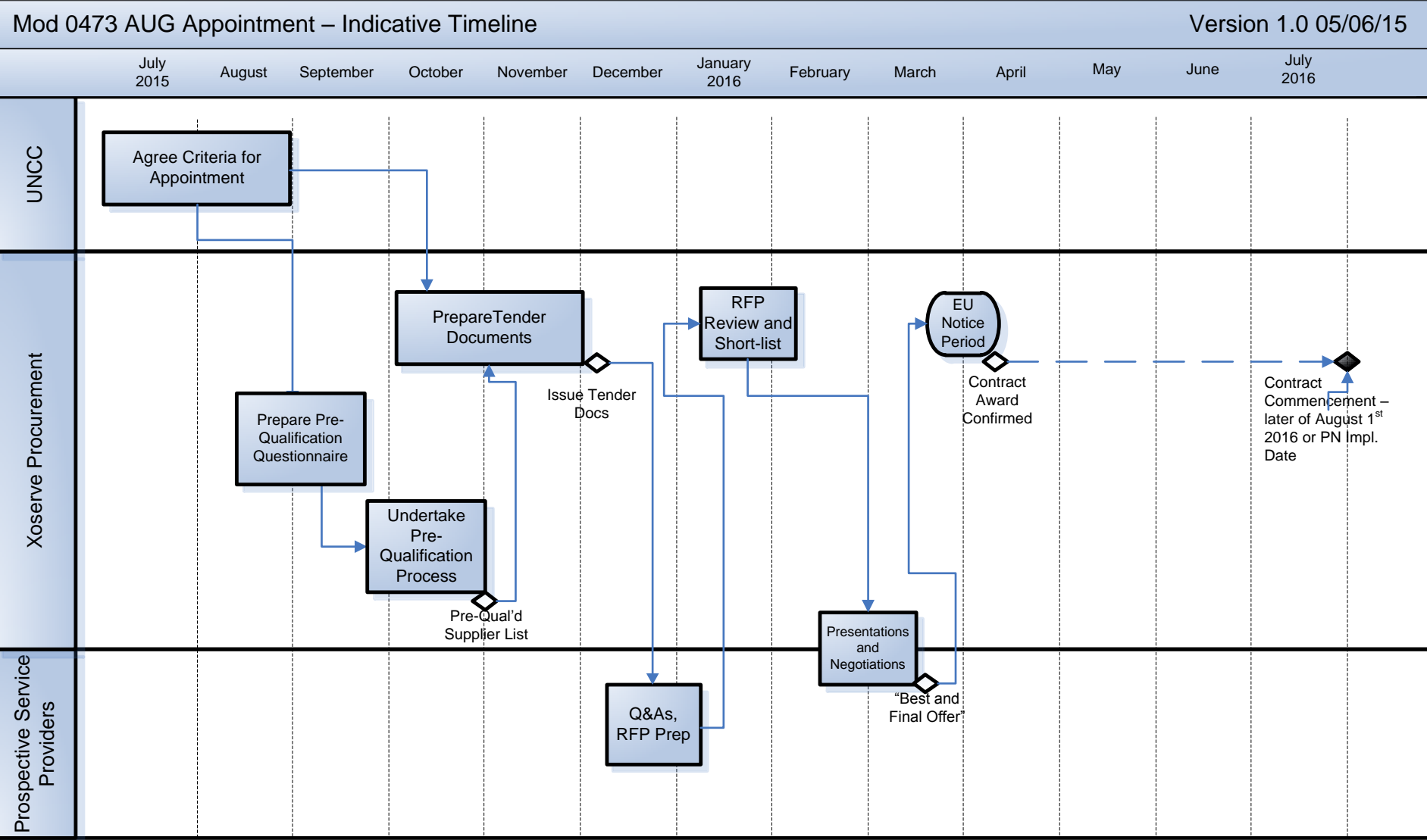
# Indicative Overall Timeline



Legend

- AUG Framework Requirement
- UNC Milestone

# Breakdown of Procurement Timeline



**Legend**

- ◆ UNC/AUG Framework Requirement
- ◇ Non-UNC/AUG Framework Milestone/Event

# Indicative Timeline – Key Considerations

- Framework document fits with a summer 2016 implementation but appears to build to 1<sup>st</sup> October start date each year for new Table
- However Mod 0473 Legal Text specifies AUG Year start of April 1<sup>st</sup>
- Earliest start date for new Table would be April 1<sup>st</sup> 2018
- Interim Table in the Framework document would apply until then
- Earliest possible start date of October 1<sup>st</sup> 2017 – would require further UNC Mod?

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# Dependencies for the Procurement exercise

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- Receipt of Appointment Criteria from UNCC prior to any external engagement
- Implementation of Modification 0473 – to coincide with main Project Nexus Settlement Mod
- Formal approval of Framework document by UNCC soon after Project Nexus Implementation
- Any AUGE contract could not go live prior to Project Nexus Implementation – new service does not exist
- Contract award could be confirmed earlier

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# Further consideration – Format of AUG Factor Table

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- Final Mod Report specifies a Table of Factors broken down by Class and End User Category
- Legal Text only breaks down by Class, analyses by source of UG – no breakdown to EUC
- Interim Table in Framework document splits by Class and then between EUC 1 and EUCs 2-9
- Clarity required on level of granularity prior to commencing external procurement process

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- Will UNCC agree Criteria for Appointment?
  - Northern Gas Networks will support the discussions with an initial straw man
  - is target date of August UNCC realistic?
- Decision required – does the format of the Table of Factors need to change?
  - Revised format required prior to commencing procurement
- UNCC to approve AUG Framework – after PN Implementation Date

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